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THE AGRICULTURAL SITUATION.

A BRIEF SUMMARY OF ECONOMIC CONDITIONS

ISSUED MONTHLY FOR EXTENSION WORKERS AND THE STAFF BY THE BUREAU OF AGRICULTURAL ECONOMICS, U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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BEST FALL OUTLOOK IN FOUR YEARS

Times have changed since two years ago this month, when corn was literally cheap enough to burn. However, there is an element of fiction about the present position of corn. For agriculture, as a whole, corn does not represent income; it represents part of the cost of livestock production.

As a matter of fact, the country is this fall committed to a general increase in livestock. The quota of hogs, sheep, dairy cattle, poultry, and even beef cattle to be fed this winter is a heavy one. Bidding for the feed crops has reached a point where it will take unusually careful management to bring the herds and flocks through winter at any profit.

As regards relationship to the community at large, the position of agriculture slowly but surely improves. Purchasing power of farm products, though still handicapped, is now at the highest point in three years. What is more, prices are better at a season when farmers actually have something to sell.

This means something all along the line. Agriculture has weathered the storms of the last four years solely and simply by drawing on its reserves. Farmers have worn out their reserves in cash, in equipment, in materials, in clothing and household goods, and in some regions have drawn deeply on their equity in the land. In four years American agriculture has been forced to use up a good part of the liquid accumulation of a whole generation, and a prosperous generation at that. Some recovery in buying power, especially of livestock products, has great significance.

KEY REGIONS AT A GLANCE

THE EAST - Potato and apple crops generally better than early expectations. Corn poor. Dairy production handicapped by drought and lack of good fall feed. General sentiment fairly good.

THE SOUTH - Cotton harvest well along, though delayed by storms and bad weather. Generally good feeling among men who have been able to make a crop. South likely to have substantially larger income than last year.

CORN BELT - Corn harvest in full swing. New corn in market. Winter grain in ground and much of it up. High price of corn inspires optimistic feeling, but many men feel that the corn-hog disparity is not a sound situation. Considerable soft corn. Some uncertainty as to actual amount of available grain.

WHEAT BELT - Winter wheat sown; coming up to good stands. Spring wheat territory in distress and still trying to find some remedy. Also discouraged by low price of potatoes and incidental crops. Considerable talk of diversification, and especially more dairy stock.

RANGE COUNTRY - Grass held green longer than usual by rains. Dry weather needed to cure range through central region. Cattle and sheep being shipped out in steady stream. Cattle situation continues difficult. Sheep men optimistic; increasing flocks. Ample feed for this winter.

PACIFIC COAST - Southern regions in better spirits than north; latter depressed by low prices of wheat, cattle and fruit. Apple harvest as well as raisin drying hindered by bad weather. Coast perhaps a shade less optimistic than last fall.

CROP PRODUCTION

The following shows production of important crops in 1913, five-year average, last year, and estimates for this year. Compiled by Division of Crop and Livestock Estimates, B. A. E.

Figures given to nearest million, six ciphers omitted.

Crop	1913 <u>Production</u>	1917-1921 <u>Average</u>	1922 <u>Production</u>	1923 <u>Sept. Estimate</u>	1923 <u>Oct. Estimate</u>
Wheat, bu.					
Winter	523	590	585	---	568
Spring	240	245	276	221	213
All	763	835	862	---	782
Corn, bu.	2,447	2,931	2,891	3,076	3,021
Oats, bu.	1,122	1,378	1,201	1,312	1,302
Barley, bu.	178	192	186	199	199
Rye, bu.	41	70	95	--	65
Cotton, bales	14.1	11.2	9.76	10.8	11
Potatoes, bu.	332	388	451	390	401
Hay, all, tons	64	99	113	98	103
Apples, bu.	145	160	201	190	191
Peaches, bu.	40	43	57	45	46
Flax, bu.	18	10	12	19	20
Tobacco, lbs.	954	1,361	1,325	1,551	1,462
Grain sorghums, bu.	---	103	90	101	106

Composite condition of all crops on October 1, or at time of harvest, was slightly (1.6%) below ten-year average. Total acreage this year about 0.6% more than last year.

AVERAGE PRICES, AT THE FARM, OF REPRESENTATIVE PRODUCTS
Month Ending October 1, 1923.

Actual prices received at the farm by producers. Average of reports covering the United States, weighted according to relative importance of county and State. Figures compiled by Division of Crop and Livestock Estimates of this Bureau. Quotations in dollars or cents.

Shows 1913, year ago, and latest available month.

	Sept. <u>1913</u>	Sept. <u>1922</u>	Aug. <u>1923</u>	Sept. <u>1923</u>
Cotton, per lb.	¢ 13.3	20.0	24.1	27.2
Corn, per bu.	¢ 75.3	61.6	86.6	85.7
Wheat, per bu.	¢ 77.9	90.4	88.7	93.2
Hay, per ton	\$ 11.45	10.78	12.08	12.42
Potatoes, per bu.	¢ 73.9	69.6	119.0	100.2
Oats, per bu.	¢ 39.6	34.5	37.3	38.6
Apples, per bu.	¢ 81.0	109.6	111.4	115.1
Beef cattle, per 100 lbs.	\$ 5.92	5.44	5.60	5.70
Hogs, per 100 lbs.	\$ 7.68	8.23	6.85	7.81
Eggs, per dozen	¢ 23.4	30.5	26.5	32.4
Butter, per lb.	¢ 27.5	36.2	39.1	41.4
Wool, per lb.	¢ 15.8	31.6	37.0	37.1
Veal calves, per 100 lbs.	\$ 7.73	8.10	8.00	8.34
Lambs, per 100 lbs.	\$ 5.51	9.43	9.96	10.28

Advances during month in cotton, wheat, hogs, eggs, butter, lambs. September is normally a peak month for hog prices.

Prices of crops as a group slightly higher than previous month and 28% higher than September a year ago.

Prices of livestock products, as a group, made the greatest gain of any one month since February, 1922.

PRICE INDEXES FOR MONTH ENDING OCTOBER 1

1913 = 100

Farm products figures from this Bureau; commodity groups from Bureau of Labor Statistics. Shows year ago, and latest available months:

Farm Products
(Prices at the farm)

	<u>Sept.</u> <u>1922</u>	<u>Aug.</u> <u>1923</u>	<u>Sept.</u> <u>1923</u>	<u>Month</u> <u>Trend</u>
Cotton	161	194	219 - -	Higher
Corn	104	146	144 - -	Lower
Wheat	115	113	119 - -	Higher
Hay	98	110	113 - -	Higher
Potatoes	108	185	156 - -	Lower
Beef cattle	92	95	97 - -	Higher
Hogs	110	92	104 - -	Higher
Eggs	158	137	167 - -	Higher
Butter	134	145	153 - -	Higher
Wool	189	221	222 - -	Same

Commodity Groups
(Wholesale Prices)

	<u>Sept.</u> <u>1922</u>	<u>Aug.</u> <u>1923</u>	<u>Sept</u> <u>1923</u>	<u>Month</u> <u>Trend</u>
Farm products	133	139	144 - -	Higher
Food, etc.	138	142	147 - -	Higher
Cloths & clothing	183	193	202 - -	Higher
Fuel & lighting	244	178	176 - -	Lower
Metal & met. products	134	145	144 - -	Lower
Bldg. materials	180	186	182 - -	Lower
Chemicals, etc.	124	127	128 - -	Higher
House-furnishing goods	173	183	183 - -	Same
<u>ALL COMMODITIES</u>	<u>153</u>	<u>150</u>	<u>154 - -</u>	<u>HIGHER</u>

RELATIVE PURCHASING POWER

(At September 1923 Farm Prices)

1913 = 100

Of a Unit of:

<u>In terms of:</u>	<u>Cotton</u>	<u>Corn</u>	<u>Wheat</u>	<u>Hay</u>	<u>Potatoes</u>
All commodities	142	93	77	73	101
Cloths, etc.	108	71	59	56	77
Fuel, etc.	124	82	68	64	89
Metals, etc.	152	100	83	79	108
Bldg. materials	120	79	65	62	86
House-furnishing goods	120	79	65	62	85

	<u>Beef cattle</u>	<u>Swine</u>	<u>Eggs</u>	<u>Butter</u>	<u>Wool</u>
All commodities	63	68	108	100	144
Cloths, etc.	48	52	83	76	110
Fuel, etc.	55	59	95	87	126
Metals, etc.	67	72	116	106	154
Bldg. materials	53	57	92	84	122
House-furnishing goods	53	57	91	84	121

Indicated purchasing power improved slightly during September in case of the key crops, except potatoes.

The livestock group also improved in purchasing power, dur primarily to higher hogs, eggs, and butter.

Indicated purchasing power of farm products as a whole has worked slowly upward for about a year. The latest index of 75 represents the most favorable position since 1920, coming now at the season when farmers have something to sell.

SUMMARY OF PRICE INDEX NUMBERS

1913 = 100

In the following, farm price indexes are compiled by this Bureau; wholesale prices are the Department of Labor indexes. Purchasing power represents relationship between prices, at the farm, of farm products and wholesale prices of non-agricultural products, unit quantities being considered in each case.

Year and month	Farm Price Crops 15th of month	Farm Price Livestock 15th of month	Farm Price Crops and Livestock Combined	Wholesale price All Commodities	Wholesale price of Non-Agrl. Commodities*	Purchasing Power of Farm Products#
1913	100	100	100	100	100	100
1914	108	103	106	98	94	112
1915	110	95	102	101	97	106
1916	124	111	113	127	132	89
1917	208	164	186	177	176	106
1918	224	192	208	194	186	112
1919	234	198	216	206	195	111
1920	238	188	203	226	234	86
1921	109	107	108	147	161	67
1922	113	111	112	149	163	69
<u>1922</u>						
January	98	95	96	138	150	65
February	105	108	106	141	149	71
March	112	117	114	142	150	76
April	115	115	115	143	153	75
May	118	118	118	148	161	73
June	119	119	119	150	164	72
July	118	119	118	155	172	69
August	114	112	113	155	176	64
September	110	109	110	153	170	64
October	110	110	110	154	169	65
November	118	105	112	156	169	66
December	123	104	114	156	168	68
<u>1923</u>						
January	126	106	116	156	170	68
February	130	107	118	157	172	69
March	134	106	120	159	175	69
April	139	107	123	159	176	70
May	140	105	123	156	172	71
June	139	100	120	153	168	71
July	136	102	119	151	165	72
August	136	102	119	150	163	73
September	138	109	123	154	164	75

* "All commodities", excluding farm products and food.

Expressed in terms of non-agricultural commodities.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this Bureau. All figures given to nearest thousand, that is, three ciphers omitted:

Month	WHEAT Receipts Th. Bu.	CORN Receipts Th. Bu.	HOGS Receipts Thousands	CATTLE Receipts Thousands	SHEEP Receipts Thousands	BUTTER Receipts Th. lbs.
1921 Total	435,606	340,908	41,040	19,764	24,168	569,340
1922 Total	418,961	393,773	44,067	23,192	22,364	650,482
1922 Jan.	18,372	52,097	4,278	1,628	1,835	41,697
" Feb.	21,151	58,330	3,613	1,416	1,400	38,894
" Mar.	19,729	31,035	3,411	1,632	1,465	44,919
" Apr.	15,536	14,552	3,067	1,470	1,227	42,694
" May	29,015	27,083	3,737	1,878	1,692	68,893
" June	19,753	31,157	3,775	1,759	1,700	93,139
" July	42,128	25,975	2,980	1,710	1,677	92,829
" Aug.	59,649	24,330	3,037	2,149	1,951	62,494
" Sept.	56,992	35,296	3,062	2,397	2,303	46,419
" 9 mos.	282,325	299,905	30,961	16,029	15,250	531,978
1923 Jan.	38,002	38,371	5,306	1,876	1,636	48,697
" Feb.	20,176	30,518	4,492	1,427	1,366	39,877
" Mar.	22,081	24,710	4,928	1,502	1,430	49,881
" Apr.	21,785	16,836	4,318	1,670	1,447	48,881
" May	17,457	10,840	4,524	1,900	1,794	55,459
" June	18,217	14,610	4,204	1,629	1,426	76,403
" July	36,435	18,515	4,181	1,903	1,661	64,084
" Aug.	63,012	25,845	3,714	2,214	1,800	57,393
" Sept.	44,196	18,355	3,607	2,295	2,659	41,732
" 9 mos.	281,361	198,600	39,274	16,416	15,219	482,407

Movement of grain to market in September below previous month or last year. Corn, in particular, below last year - a fact which should be tied up to prices of cash corn during the month.

Run of hogs and sheep continued heavy, though many of latter were redistributed to country for feeders.

Butter receipts lower.

THE TREND OF EXPORT MOVEMENT

Compiled from Commerce reports by Division of Statistical Research of this Bureau.

Month	WHEAT including <u>Flour</u> 1,000 Bushels	TOBACCO <u>(Leaf)</u> 1,000 Pounds	BACON, HAMS AND <u>SHOULDERS</u> 1,000 Pounds	LARD 1,000 Pounds	TOTAL* <u>MEATS</u> 1,000 Pounds	COTTON# running <u>bales</u> 1,000 Bales
1922 January	15,010	32,265	48,120	73,194	55,777	476
" February	10,992	25,846	66,003	75,520	62,647	338
" March	14,374	32,967	54,763	64,377	62,231	461
" April	10,449	40,190	43,284	42,459	48,828	598
" May	14,267	39,844	44,058	50,817	50,196	469
" June	18,200	30,324	55,621	57,249	64,124	491
" July	19,124	32,319	59,252	66,058	67,896	373
" August	38,964	28,958	51,353	68,907	60,443	273
" September	31,839	33,102	51,040	61,120	60,863	368
" October	25,077	58,353	50,940	66,333	60,651	799
" November	17,579	39,787	51,407	62,321	63,357	858
" December	16,428	36,954	65,642	78,596	76,951	608
1923 January	12,519	41,652	74,432	107,786	86,938	473
" February	12,197	25,978	64,488	89,055	75,023	360
" March	10,725	31,641	66,441	109,187	75,934	318
" April	10,195	40,186	68,528	85,475	77,963	260
" May	14,396	28,421	64,608	93,199	72,607	160
" June	12,881	49,730	68,480	64,605	68,823	215
" July	12,822	44,105	64,264	69,478	74,165	171
" Aug.	19,929	33,214	69,194	83,758	80,129	244
" Sept.	22,465	36,646	76,911	83,630	88,859	689
9 mos. Jan.-Sept. 1922	173,219	295,815	473,494	559,701	532,995	3,847
Same period 1923	128,129	331,573	617,346	786,173	700,440	2,890

It is a common misconception that our export market for farm products has become negligible. If the export figures for September tobacco, pork, and cotton be compared with last year it will furnish food for thought.

* Includes fresh, canned and pickled beef, bacon, hams and shoulders, fresh, canned, and pickled pork, mutton and lamb.

Includes linters.

THE COLD STORAGE SITUATION

Oct. 1 holdings (Figures given show nearest million)

<u>Commodity</u>	<u>5 Year Average</u>	<u>Oct. 1, 1922</u>	<u>Sept. 1, 1923</u>	<u>Oct. 1, 1923</u>
Creamery butter, lbs.	102	97	103	96
American cheese, lbs.	55	49	64	62
Case eggs, cases	6.3	7.9	9.9	8.7
Total poultry, lbs.	30	26	34	33
Total beef, lbs.	124	54	46	48
Total pork, lbs.	569	483	754	612
Lard, lbs.	87	75	116	73
Lamb & mutton, lbs.	9.7	3.5	1.8	1.7
Total meats, lbs.	774	589	868	723
Apples, bbls.	940	1,452	68	869

General movement into or out of storage was about normal for the month of September.

Holdings of beef are much below average, dairy products about average, and eggs above average.

More pork moved out of storage during September than usual for that month, notwithstanding very heavy run of hogs to market at the same time. Current storage holdings of pork and lard are only about average. The storage situation continues to reflect that country-wide and export demand for pork which has played so big a part in improving the position of the Central West.

GENERAL BUSINESS INDICATORS
RELATED TO AGRICULTURE

	1922 Sept.	1923 Aug.	1923 Sept.	Month's Trend
<u>Production</u>				
Pig iron (Thou. tons)	2,034	3,435	3,126	Decrease
Bituminous coal (Millions tons)	41	49	46	Decrease
Cement (Millions barrels)	11	13	13	Same
Automobiles shipped (Thou. carloads)	26	38	37	Decrease
<u>Consumption</u>				
Cotton by mills (Thou. bales)	494	491	484	Decrease
Unfilled orders Steel Corp. (Thou. T.)	6,892	5,415	5,036	Decrease
Hogs slaughtered (Thousands)	1,917	2,283	2,276	About same
Cattle "	1,107	1,168	1,104	Decrease
Sheep "	1,005	903	894	Decrease
<u>Movements</u>				
Bark clearings (N.Y.) (Billions dollars)	17	15	15	Same
Car loadings (Weekly av., Thousands)	935	1,039	1,037	About same
Mail order sales (Millions dollars)	21	22	26	Increase
Men employed, 1428 firms (Thousands)	1,767	2,032	2,030	Decrease
Interest rate, Coml. Paper (60-90D)	4.18	5.08	5.16	Increase
Loans and discounts, F.R.M. banks (Billions dollars)	11	12	12	Same
Retail Food Price Index (Dept. Labor)	---	146	---	-----
Wholesale Price Index (Dept. Labor)	153	150	154	Higher
Av. price 25 industrial stocks (dollars)	107	103	103	Same

A very slight slow-up in business and employment continues to be the trend. It must be remembered, however, that the scale of activity of the past year has been one of record boom times in urban industry.

The business situation still indicates a strong market for farm products all fall and well into the winter. It may be, however, the part of wisdom for men now embarking upon heavy production of hogs, dairy products, wool, tobacco, etc., for next year's market, to keep a close eye on urban industrial conditions. Production of some farm products is at a point where prices will be sensitive to conditions in the cities.

A DISPARITY BETWEEN FARM AND CITY

C. J. Galpin, In Charge, Division Farm Population and Rural Life, B.A.E.

The farm community, as a whole, in the United States is carrying 2,000,000 more children under ten years of age than the city community of an equal population.

Put it this way. The farm population in round numbers approximates 30,000,000 persons. The urban population is close to 57,000,000 persons. Select now a representative number of cities whose combined population comes up to 30,000,000 and it will be found that there are 2,000,000 fewer children under ten years of age in these cities than in the whole farm population.

Let us illustrate by a particular city. Take Minneapolis, Minnesota, for example. Here is a city of over 380,000 people. Take 380,000 of the farm population of Minnesota, and it will be found that this group contains 26,000 more children under ten years of age than the city of Minneapolis. Here is a significant fact.

What are some of the results which flow from this great disparity between farm life and city life? In the first place, every one will see that with 2,000,000 fewer producers than city industries in cities of an equal population, farming is carrying the burden of rearing and educating 2,000,000 more children - non-producers - than city industry. The full weight of this fact becomes apparent only when it is realized that the greater part of this human product is turned over at the producing age to the cities and to city industry, ready made, finished, educated. The farm people are feeding, clothing, carrying through the perils of infancy and childhood practically the equivalent of a small nation; then when this Nation arrives at an age when it can be productive, turns it over as a free gift to urban industry.

It is a pertinent question to ask: "What compensation to the farm community does the urban community render for this piece of human service?" What would Minneapolis think of adding the annual expense of 26,000 children to its budget until these children were educated and then handing them over to St. Paul; doing this, year after year?

There is more to farming than just getting a fair return for crops. There is a big unsolved mystery of population and institutions hanging about the farm community.

FARM ACCOUNTING AND FARM MANAGEMENT EXTENSION

H. M. Dixon, In Charge, Farm Management Extension Work

Contact with the leaders of farm management demonstration work, county extension agents, and farmers this past year indicates an increased desire to study the facts of "Why some farms pay better than others." In this connection, indications are that more farm accounts have been kept and will be carefully analyzed by farmers with the assistance of the county agent and farm management demonstrator for the year 1923 than for any previous year. At this time information is being secured regarding the number of farmers keeping records and the suggestions given them concerning the preparation of the records before entering the summarizing school. The indications are that increased attention will be given to the wider dissemination of the results of the work in the many counties.

In the farm accounting work assistance is given farmers by making available through the Extension Service a simple farm account book at the cost of printing for their use. Where interest warrants, a farm accounting school is conducted, and this is followed by a summarizing school at the end of the year for those farmers keeping accounts. Indications are that there will be a large increase this year over last in the number of these farm account summarizing schools conducted by the county agents and farm management demonstrators for the benefit of those farmers who in an organized way have kept a record of their business through the year.

The results of last year's work showed that in many instances farmers in analyzing their farm accounts found that they had received only one-half as much from their livestock as the feed consumed was worth, even though their crop yields were good. Some found the story even worse as they had purchased additional feed and lost money upon it also. One of the most important factors in farm returns upon farms producing livestock, and the one which probably varies most and is the most difficult to detect, is the productivity of the livestock. The variation may be due to poor stock, or it may be poor feeding and care. In many cases the analysis of the business shows that it is both. These same farmers in analyzing their accounts the past year were likewise impressed with the effect that the use of man and horse labor had upon their in-

come. They made comparisons of what was accomplished upon different farms. They considered the size of farms, arrangement of fields, the amount of man and horse labor available, size of teams and tools used, the seasonal distribution of labor, etc., and found wide variations from farm to farm and opportunities for changes in practically every farm business that would give greater assurance of profit. In a study of crop yields wide variations were also shown, and a careful study was given to rotations, the use of fertilizer and legumes, practices in production and other factors contributing to profit in crop production.

Upon a study of their general farm organization through these accounts these farmers considered their size of business, investment per acre, balance of crops and livestock, relation of number and size of fields to rotation, use of by-products, home used supplies, markets, soils, etc.

One of the things that usually impress farmers most after a careful analysis of the accounts from different farms in their locality is the tremendous variation in most of the factors enumerated above, many of which after such a study can be eliminated through improved organization or operation of the business.

The fact that most farming costs are now relatively higher than the prices of many farm products makes the keeping and analysis of farm accounts of greater importance to farmers than probably was apparent at any previous period. It behooves farmers in these days to study costs and returns. When costs become relatively higher than prices it is time to give additional study to the cost side of the business. Likewise, the records of successful farms are the best guide in good extension teaching. It is a sound and effective way of making available the facts regarding "low cost practices" so fundamental to the profitable organization and operation of the farm business under present day conditions.